

At the end of the bill, insert the following (and amend the table of contents accordingly):

**SEC. \_\_\_\_ SBIR Awardee Business Operations.**

Section 9 of the Small Business Act is further amended by adding at the end the following:

“(ee) SBIR Awardee Business Operations.—

“(1) IN GENERAL.—To be eligible to receive an SBIR award, an awardee must have its primary business operations in the United States.

“(2) DEFINITION.—In this subsection, the term ‘United States’ includes the District of Columbia, the Commonwealth of Puerto Rico, and any other territory or possession of the United States.”.

The CHAIRMAN. Pursuant to House Resolution 1125, the gentlewoman from Arizona (Ms. GIFFORDS) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from Arizona.

Ms. GIFFORDS. Madam Chairman, in this period of economic downturn, we must ensure that we are doing everything we can to support American small businesses. We also have to protect our hard-working taxpayers.

American small businesses still to this day remain the backbone of our economy, and that is why I am offering this amendment today to H.R. 5819, the SBIR Reauthorization Act.

Madam Chairman, this amendment will guarantee that businesses that are awarded funding from the small business research and development programs in this bill have their primary business operations located in the United States. The amendment ensures that we continue to provide support to American-owned businesses and reiterate our commitment to protecting American jobs.

Since its inception in 1982, the Small Business Innovation Research program, SBIR, has helped small businesses compete for Federal research and development awards. Eighty-five percent of businesses competing in SBIR are small firms employing 20 or fewer persons. And the program has generated an impressive 50,000 patents over these 25 years.

I have seen the success of SBIR awards in my district at the high-tech, highly creative Breault Research Organization in Tucson, Arizona.

As we expand this program, we must keep responsible taxpaying, job-creating organizations like Breault Research in mind. We have to ensure that truly American-owned companies are winning these valuable awards. We should not be funding R&D for businesses that will develop their U.S. taxpayer financed ideas here, then those ideas turn into jobs overseas. The goal of this reauthorization bill is to boost U.S. small business innovation and competitiveness and thereby boost U.S. competitiveness.

As a former president and CEO of a small business, I know how difficult it is to compete in today's environment, I know how hard it is to grow a business. And that is why I am offering this

amendment, to protect hard-working, ambitious American businesses to fulfill the underlying bill's goal to foster American competitiveness.

I reserve the balance of my time.

Ms. VELÁZQUEZ. Madam Chairman, while not opposed to the amendment, I ask unanimous consent to claim the time in opposition.

The CHAIRMAN. Without objection, the gentlewoman from New York is recognized for 5 minutes.

There was no objection.

Ms. VELÁZQUEZ. Madam Chairman, I thank the gentlewoman from Arizona for her amendment and for her efforts to improve this bill.

Small businesses awarded SBIR grants from the Federal Government should create jobs and pay appropriate and applicable taxes in the United States. This amendment will ensure this is the case. It is an important clarification for Federal agencies providing SBIR funds.

I would yield to the gentleman from Ohio for any comments that he might have.

Mr. CHABOT. I thank the chairwoman for yielding.

We have no objection to the gentlewoman's amendment.

Ms. VELÁZQUEZ. We are going to accept the amendment and support the amendment.

I yield back the balance of my time.

Ms. GIFFORDS. Madam Chairman, I now yield 2 minutes to the gentlewoman from Connecticut (Ms. DELAURO).

Ms. DELAURO. Madam Chairman, I rise to support this amendment. I commend Congresswoman GIFFORDS for her tireless work on this issue, and commend both the Chair and ranking member for accepting the amendment.

The Small Business Innovative Research program increases small businesses' participation in federally funded research and development. It is a proven program. It is an effective program.

Since 1983, more than 94,000 projects have received more than \$20 billion in awards, keeping our Nation competitive in the global marketplace and helping our small businesses thrive. But in order for this program to have its full impact, there must be that level playing field, and those who try and cheat the system must not be allowed to reap the benefits.

This amendment simply says that to receive a Small Business Innovation Research award, a small business must be domiciled in the United States. You must play by the rules. Today, even contractors supporting our own military in Iraq continue to filter Federal dollars through offshore shell companies to avoid paying taxes here. Every year, offshore tax shelters cost taxpayers nearly \$100 billion. No one, contractors, small businesses or otherwise, no one who looks for special privileges under our tax system should be able to take advantage of the opportunities offered by the Federal Government.

I thank my colleague and the committee for offering this well thought-out and necessary amendment to the bill, and urge its adoption and appreciate its being accepted by the Chair and ranking member.

Ms. GIFFORDS. Madam Chairman, I would like to thank Chairwoman VELÁZQUEZ and Ranking Member CHABOT for all of their hard work on the SBIR bill. I also appreciate their support for my amendment.

This amendment will protect American small businesses and help ensure that they remain competitive in this global environment. It prevents foreign companies from reaping the benefits of hard-earned U.S. tax dollars and undermining this bill's goal to foster American innovation, create U.S. job opportunities, and uphold our commitment to American taxpayers. I urge my colleagues to support my amendment.

I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from Arizona (Ms. GIFFORDS).

The amendment was agreed to.

AMENDMENT NO. 6 OFFERED BY MR. GRAVES

The CHAIRMAN. It is now in order to consider amendment No. 6 printed in House Report 110-603.

Mr. GRAVES. Madam Chairman, I have an amendment at the desk.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 6 offered by Mr. GRAVES:  
Strike title II of the bill and insert the following:

**TITLE II—VENTURE CAPITAL INVESTMENT STANDARDS**

**SEC. 201. ENSURING THAT INNOVATIVE SMALL BUSINESSES WITH SUBSTANTIAL INVESTMENT FROM VENTURE CAPITAL OPERATING COMPANIES ARE ABLE TO PARTICIPATE IN THE SBIR PROGRAM.**

Section 9(e) of the Small Business Act (15 U.S.C. 638(e)) is amended by striking “and” at the end of paragraph (8), striking the period at the end of paragraph (9) and inserting “; and”, and adding at the end the following:

“(10) effective only for the SBIR and STTR programs, notwithstanding any other amendment made by the SBIR/STTR Reauthorization Act, the following shall apply:

“(A) A business concern that has more than 500 employees shall not qualify as a small business concern.

“(B) In determining whether a small business concern is independently owned and operated under section 3(a)(1) or meets the small business size standards instituted under section 3(a)(2), the Administrator shall not consider a business concern to be affiliated with a venture capital operating company (or with any other business that the venture capital operating company has financed) if—

“(i) the venture capital operating company does not own 50 percent or more of the business concern; and

“(ii) employees of the venture capital operating company do not constitute a majority of the board of directors of the business concern.

“(C) A business concern shall be deemed to be ‘independently owned and operated’ if—

“(i) it is owned in majority part by one or more natural persons or venture capital operating companies;